

Message Text

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FM AMEMBASSY RANGOON

TO SECSTATE WASHDC PRIORITY 2490

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E.O. 11652: N/A

TAGS: BGEN, BM

SUBJ:GUB FOREIGN XCHANGE REGULATIONS

REF: STATE 263482

FOREIGN EXCHANGE REGULATION ACT, 1947 GOVERNS FOREIGN EXCHANGE TRANSACTIONS IN BURMA. AS REQUESTED BY REFTEL QUOTED BELOW ARE THE SECTIONS OF THE ACT DEALING WITH FOREIGN EXCHANGE PAYMENTS:

QUOTE 5. (1) EXCEPT WITH THE PREVIOUS PERMISSION OF THE CONTROLLER, NO PERSON OTHER THAN AN AUTHORIZED DEALER SHALL IN BRITISH BURMA, AND NO PERSON RESIDENT IN BRITISH BURMA OTHER THAN AN AUTHORIZED DEALER SHALL OUTSIDE BRITISH BURMA, BUY OR BORROW FROM, OR SELL OR LEND TO, EXCHANGE WITH, ANY PERSON NOT BEING AN AUTHORIZED DEALER, ANY FOREIGN EXCHANGE.

(2) NO PERSON SHALL HAVE DEALINGS IN FOREIGN EXCHANGE AT RATES OF EXCHANGE OTHER THAN THE RATES FOR THE TIME BEING AUTHORIZED BY THE BANK.

(3) WHERE ANY FOREIGN EXCHANGE IS ACQUIRED BY ANY PERSON THAN AN AUTHORIZED DEALER FOR ANY PARTICULAR PURPOSE, OR WHERE ANY PERSON HAS BEEN PERMITTED CONDITIONALLY TO ACQUIRE FOREIGN EXCHANGE, THE SAID PERSON SHALL NOT USE THE FOREIGN EXCHANGE SO ACQUIRED OTHERWISE THAN FOR THAT PURPOSE OR, AS THE CASE MAY BE, FAIL TO COMPLY WITH ANY CONDITION TO WHICH THE PERMISSION GRANTED TO HIM IS SUBJECT, AND WHERE ANY FOREIGN EXCHANGE SO

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ACQUIRED CANNOT BE SO USED OR, AS THE CASE MAY BE, THE CON-

DITIONS CANNOT BE COMPLIED WITH, THE SAID PERSON SHALL WITHOUT

DELAY SELL OR OFFER TO SELL THE FOREIGN EXCHANGE TO AN AUTHORIZED DEALER.

(4) NOTHING IN THIS SECTION SHALL BE DEEMED TO PREVENT A PERSON FROM BUYING FROM ANY POST OFFICE, IN ACCORDANCE WITH ANY LAW OR RULES MADE THEREUNDER FOR THE TIME BEING IN FORCE, ANY FOREIGN EXCHANGE IN THE FORM OF POSTAL ORDERS OR MONEY ORDERS.

6. (1) SAVE AS MAY BE PROVIDED IN AND IN ACCORDANCE WITH ANY GENERAL OR SPECIAL EXEMPTION FROM THE PROVISIONS OF THIS SUB-SECTION WHICH MAY BE GRANTED CONDITIONALLY OR UNCONDITIONALLY BY THE CONTROLLER, NO PERSON IN, OR RESIDENT IN, BRITISH BURMA SHALL --

(I) MAKE ANY PAYMENT TO OR FOR THE CREDIT OF ANY PERSON RESIDENT OUTSIDE BURMA;

(II) DRAW, ISSUE OR NEGOTIATE ANY BILL OF EXCHANGE OR PROMISSORY NOTE OR ACKNOWLEDGE ANY DEBT, SO THAT A RIGHT (WHETHER ACTUAL OR CONTINGENT) TO RECEIVE A PAYMENT IS CREATED OR TRANSFERRED IN FAVOUR OF ANY PERSON RESIDENT OUTSIDE BURMA;

(III) MAKE ANY PAYMENT TO OR FOR THE CREDIT OF ANY PERSON BY ORDER ON BEHALF OF ANY PERSON RESIDENT OUTSIDE BURMA;

(IV) PLACE ANY SUM TO THE CREDIT OF ANY PERSON RESIDENT OUTSIDE BURMA;

(V) MAKE ANY PAYMENT TO OR FOR THE CREDIT OF ANY PERSON AS CONSIDERATION FOR OR IN ASSOCIATION WITH --

(A) THE RECEIPT BY ANY PERSON OF A PAYMENT OR THE ACQUISITION BY ANY PERSON OF PROPERTY OUTSIDE BURMA;

(B) THE CREATION OR TRANSFER IN FAVOUR OF ANY PERSON OF A RIGHT (WHETHER ACTUAL OR CONTINGENT) TO RECEIVE A PAYMENT OR ACQUIRE PROPERTY OUTSIDE BURMA;

(VI) DRAW, ISSUE OR NEGOTIATE ANY BILL OF EXCHANGE OR PROMISSORY NOTE, TRANSFER ANY SECURITY OR ACKNOWLEDGE ANY DEBT SO THAT A RIGHT (WHETHER ACTUAL OR CONTINGENT) TO RECEIVE A PAYMENT IS CREATED OR TRANSFERRED IN FAVOUR OF ANY PERSONS AS CONSIDERATION FOR OR IN ASSOCIATION WITH ANY MATTER REFERRED TO IN CLAUSE (V).

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(2) NOTHING IN SUB-SECTION (1) SHALL RENDER UNLAWFUL --

(A) THE MAKING OF ANY PAYMENT ALREADY AUTHORIZED EITHER WITH FOREIGN EXCHANGE OBTAINED FROM AN AUTHORIZED DEALER UNDER 5 SECTION OR WITH FOREIGN EXCHANGE RETAINED BY A PERSON IN PURSUANCE OF AN AUTHORIZATION GRANTED BY THE CONTROLLER.

(B) THE MAKING OF ANY PAYMENT WITH FOREIGN EXCHANGE RECEIVED OUTSIDE BURMA BY WAY OF SALARY OR PAYMENT FOR SERVICES

NOT ARISING FROM BUSINESS IN OR ANYTHING DONE WHILE IN BURMA.

(3) NOTHING IN THIS SECTION SHALL RESTRICT THE DOING
BY ANY PERSON OF ANYTHING WITHIN THE SCOPE OF ANY AUTHORIZATION
OR EXEMPTION GRANTED UNDER THIS ACT.

(4) FOR THE PURPOSES OF THIS SECTION "SECURITY" ALSO
INCLUDES COUPONS OR WARRANTS REPRESENTING DIVIDENDS OR INTEREST
AND LIFE OR ENDOWMENT INSURANCE POLICIES. END QUOTE

AS THESE REGULATIONS DO NOT SPECIFY PRESENT-DAY PROCEDURES, THE
FOLLOWING EXPLANATION MAY BE HELPFUL. ALL FOREIGN TRADE IS
NATIONALIZED. THE MYANMA EXPORT-IMPORT CORPORATION (MEIC)
IMPORTS GOODS FOR USE BY THE PRIVATE SECTOR. USUALLY THE
VARIOUS OTHER GOVERNMENT MINISTRIES, BOARDS AND CORPORATIONS
IMPORT GOODS, INCLUDING THOSE PURCHASED UNDER LOAN O AID
AGREEMENTS, IN THE NAME OF MEIC. TO PAY FOR THEIR IMPORTS,
GUB DEPARTMENTS AND AGENCIES OBTAIN FOREIGN EXCHANGE ALLOTMENTS
ON A QUARTERLY BASIS. LETTERS OF CREDIT ARE OPENED
WITH THE
MYANMA FOREIGN EXCHANGE BANK AGAINST THESE ALLOTMENTS, WHICH
SERVE AS EXCHANGE PERMITS. MEIC USUALLY COUNTERSIGNS APPLICATION
FOR LETTERS OF CREDIT. PAYMENTS FOR IMPORTS ARE MADE THROUGH
THE MYANMA FOREIGN TRADE BANK.
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